



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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April 9, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy Watanabe*
Acting Auditor-Controller

SUBJECT: **ASIAN AMERICAN DRUG ABUSE PROGRAM CONTRACT - A
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT
ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of Asian American Drug Abuse Program, Inc. (AADAP or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) program provider.

Background

CSS contracts with AADAP, a private non-profit community-based organization to provide and operate the WIA Youth and Adult Special Needs Programs. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. The WIA Adult Special Needs Program is a comprehensive training and employment program limited to low-income adults 18 years or older which face multiple barriers to employment. These individuals include recovering drug addicts, homeless individuals and offenders. AADAP's office is located in the Second District.

AADAP is compensated on a cost reimbursement basis and has a contract for \$104,034 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether AADAP complied with its contract terms and appropriately accounted for and spent WIA funds in providing services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

The participants/guardians interviewed stated that the services they received met their expectations. However, AADAP did not maintain appropriate documentation to support the program eligibility for four (29%) of the 14 participants sampled for FY 2007-08 and three (38%) of the eight participants sampled for FY 2006-07. AADAP also billed CSS \$3,282 for unallowable and unsupported program expenditures. Specifically, AADAP:

- Overbilled CSS \$2,916. AADAP billed the WIA Youth Program and the WIA Adult Special Needs Program for expenditures that exceeded some of their budgeted line items by \$775 and \$2,141, respectively. The County contract requires contractors to request reimbursement for actual expenditures incurred during the program year, not to exceed budgeted amounts.
- Overbilled CSS \$366 in direct costs associated with providing services to one ineligible participant.

In addition, AADAP did not always comply with WIA and County contract requirements. For example, AADAP did not:

- Report program activities on the Job Training Automation (JTA) system for five (36%) of the 14 participants sampled.
- Maintain appropriate documentation in the participants' case files to support the program activities reported for eight (57%) of the 14 participants sampled on the JTA system.
- Maintain valid work permits in the participants' case files for three (50%) of the six Youth participants sampled.
- Register seven (88%) of the eight Adult Special Needs participants sampled on the Employment Development Department's CalJOBS system.
- Obtain prior written approval from CSS for the disposal of property.

- Properly tag all 16 equipment items sampled with County property tags as required by the County contract.
- Repay CSS \$2,430 for unallowable and undocumented expenditures from the prior year's monitoring report.

Details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with AADAP and CSS on March 18, 2008. In their attached response, AADAP indicated that the ineligible individual had an income of \$18,215, which qualified the participant for the WIA program. However, WIA guidelines require the individual's annual income be less than \$15,370. As such, the individual did not meet the income requirement for the WIA program.

AADAP also indicated that actual expenditures incurred during FY 2006-07 exceeded budgeted amounts by only \$608 in the WIA Youth Program and \$403 in the WIA Adult Special Needs Program, totaling \$1,011. AADAP shifted some reported program expenditures to budgeted line item categories where they did not reach their budget. This reduced the amount overbilled from \$2,916 to \$1,011. Shifting program expenditures between budgeted line item categories to maximize funding is not allowed. The Agency needs to obtain an approved budget modification from CSS in order to bill in excess of their budgeted line items.

We thank AADAP for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia Banks, Director, Department of Community and Senior Services
Mike Watanabe, President and CEO, Asian American Drug Abuse Program, Inc.
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
ASIAN AMERICAN DRUG ABUSE PROGRAM, INC.
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether Asian American Drug Abuse Program, Inc. (AADAP or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for all 14 (six Youth and eight Adult Special Needs) participants that received services from July through December 2007 for documentation to confirm their eligibility for WIA services.

Results

All eight Adult Specials Needs program participants met the eligibility requirements for the WIA program. However, AADAP did not maintain appropriate documentation to support the WIA Youth program eligibility for four (67%) of the six youth sampled. Specifically, AADAP did not maintain proof of income or appropriate documentation to support the participants' eligibility as required by WIA guidelines. AADAP billed CSS \$1,969 in direct costs associated with providing services to the ineligible individuals. The Agency also may have billed CSS for other direct and indirect services for the ineligible individuals, such as staff time. However, we were unable to determine the amount.

Subsequent to our review, AADAP provided additional documentation to support the eligibility for three of the four ineligible individuals.

Recommendations

AADAP management:

- 1. Repay CSS \$366 and any other costs incurred on behalf of the ineligible participant.**
- 2. Ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.**

BILLED SERVICES/CLIENT VERIFICATION**Objective**

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for all 14 participants that received services during July through December 2007. We also interviewed one Youth program participant/guardian and five Adult Special Needs program participants.

Results**Youth Program**

The participant/guardian interviewed stated that the services the participant received met their expectations. However, AADAP did not always comply with WIA guidelines. Specifically, AADAP did not:

- Report the participants' program activities, such as completion of leadership training, on the Job Training Automation (JTA) system for five (83%) of six youths sampled. The JTA system is used by the State of California Employment Development Department (EDD) and the Department of Labor to track WIA participants' activities. Subsequent to our review, AADAP updated the JTA system to accurately reflect the program activities for all five participants.
- Maintain appropriate documentation in the participants' case files to support the program activities reported for five (83%) of the six youth sampled on the JTA system. Specifically, AADAP did not maintain documentation such as signed receipts to support the supportive services reported as completed on the JTA system. Subsequent to our review, AADAP provided additional documentation to support the program activities for all five participants.
- Maintain valid work permits in the participants' case files for three (50%) of the six youths sampled. Subsequent to our review, AADAP provided copies of work permits for all three participants.

Adult Special Needs

The five participants interviewed stated that the services they received met their expectations. However, AADAP did not always comply with WIA guidelines. Specifically, AADAP did not:

- Register seven (88%) of the eight participants sampled on the EDD's CalJOBS system. WIA guidelines require contractors to register the participants receiving services at the Los Angeles County WorkSource Centers on the EDD's CalJOBS system. CalJOBS is California's internet system for linking employers with individuals seeking employment. Subsequent to our review, AADAP provided proof of enrollment in CalJOBS for six of the seven participants.
- Maintain documentation in the participants' case files to support the program activities reported for three (38%) of the eight participants sampled on the JTA system. Specifically, AADAP did not maintain documentation such as signed receipts to support the supportive services reported on the JTA system. Subsequent to our review, AADAP provided additional documentation to support the program activities for all three participants.

Recommendations

AADAP management:

3. **Ensure that staff accurately update the Job Training Automation system to reflect the participants' program activities.**
4. **Ensure that staff maintain appropriate documentation in the participants' case files to support the program activities reported as completed on the Job Training Automation system.**
5. **Ensure that staff maintain valid work permits in the participants' case files.**
6. **Register all participants on the Employment Development Department's CalJOBS system as required.**

PERFORMANCE OUTCOME REVIEW

Objective

Determine whether AADAP met the planned performance measures as outlined in the County contract. In addition, to verify the accuracy of the performance outcomes reported to the Workforce Investment Board (WIB).

Verification

We compared the reported Fiscal Year (FY) 2006-07 actual performance outcomes to the planned performance measures outlined in the County contract and to the program activities reported on the JTA system. We also reviewed the documentation contained in the case files for two youth and 12 special needs adults.

Results**Youth Program**

AADAP met all four planned performance measures outlined in the County contract for the WIA Youth Program for FY 2006-07. However, AADAP did not maintain appropriate documentation to support the program eligibility for three (38%) of the eight participants sampled resulting in the number of actual enrollments decreasing from 15 to 12 participants. According to the County contract, AADAP's planned enrollments were 14 participants.

AADAP also billed CSS \$1,364 in direct costs associated with providing services to the ineligible individuals. The Agency may have also billed CSS for other direct and indirect services for the ineligible individuals, such as staff time. However, we were unable to determine the amount.

Subsequent to our review, AADAP provided additional documentation to support the eligibility for all three participants.

Adult Special Needs Program

AADAP met all four planned performance measures outlined in the County contract for the WIA Adult Special Needs Program for FY 2006-07.

Recommendation

Refer to Recommendation 2.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's October 2007 bank reconciliation.

Results

AADAP maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 31 non-payroll expenditure transactions billed by the Agency for July and October 2007, totaling \$2,592.

Results

AADAP's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various areas such as expenditures, payroll and personnel.

Results

AADAP maintained sufficient internal controls over its business operations. However, AADAP did not maintain an appropriate procedural manual for administering the WIA programs. AADAP's procedural manual consisted of various WIA directives. However,

AADAP's procedural manual did not identify specific procedures for administering the WIA Youth and Adult Special Needs Programs, such as how staff should screen and document the participants' eligibility, how often the staff should discuss the goals with the participants, etc.

Recommendation

- 7. AADAP management develop and distribute a revised WIA procedural manual and ensure that staff comply with the program requirements.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether AADAP's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 16 items purchased with WIA funds, totaling \$22,407.

Results

AADAP disposed of four (25%) of the 16 items sampled without prior written approval from CSS as required by the County contract. In addition, AADAP did not properly tag the 16 items sampled with County property tags as required by the County contract. Similar findings were also noted during the prior two years' monitoring reviews.

Subsequent to our review, AADAP tagged all the WIA funded items with County property tags as required.

Recommendations

AADAP management:

- 8. Obtain prior written approval from CSS for the disposal of property.**
- 9. Ensure that all new equipment purchased with WIA funds are properly tagged with County property tags.**

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures invoiced for three employees totaling \$4,424 for October 2007 to the Agency's payroll records and time reports. We also interviewed one staff and reviewed the personnel files for three employees assigned to the WIA programs.

Results

AADAP appropriately charged payroll expenditures to the WIA programs. However, AADAP did not conduct an annual performance evaluation for one (33%) of the three employees assigned to the WIA program. The last performance evaluation was dated in July 2005.

Recommendation

10. AADAP management ensure that annual performance evaluations are performed.

COST ALLOCATION PLAN

Objective

Determine whether AADAP's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in July and October 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

AADAP's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2006-07 final close-out invoices for the WIA Youth and Adult Special Needs Programs reconciled to the Agency's financial accounting records.

Verification

We traced AADAP's FY 2006-07 general ledgers to the Agency's final close-out invoices for FY 2006-07. We also reviewed a sample of expenditures incurred from April through September 2007.

Results

AADAP's final close-out invoices reconciled to the Agency's financial records. However, AADAP overbilled CSS \$2,916 in unallowable and unsupported expenditures. Specifically, AADAP's billings exceeded their WIA Youth Program budget by \$775 and the WIA Adult Special Needs Program budget by \$2,141. The County contract required contractors to request reimbursement for actual expenditures incurred during the program year, not to exceed budgeted amounts.

Recommendations**AADAP management:**

11. Repay CSS \$2,916.
12. Ensure that amounts billed to CSS do not exceed the maximum limits indicated in the County contract.

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued on May 9, 2007.

Results

The prior year's monitoring report contained seven recommendations. AADAP implemented four recommendations. As previously indicated, the finding related to recommendation 12 contained in this report was also noted during the prior year's monitoring review. The remaining two recommendations required the Agency to repay CSS \$2,430 or obtain approval for items purchased after the deadline and implement the outstanding recommendations from the prior monitoring report. AADAP management indicated that they are currently in the process of working with CSS to obtain approval for the purchases and will implement the outstanding recommendations by June 30, 2008.

Recommendations**AADAP management:**

- 13. Immediately repay CSS \$2,430.**
- 14. Implement the outstanding recommendations.**



AADAP, Inc.
(Asian American Drug Abuse Program)
www.aadapinc.org

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March 27, 2008

Mr. J. Tyler McCauley, Auditor-Controller
County of Los Angeles Department of Auditor-Controller
Countrywide Contract Monitoring Division
1000 S. Fremont Ave., Unit#51
Building A-9 East, First Floor
Alhambra, CA 91803
Attn: Yoon Bae, Principal Accountant-Auditor

Subject: Response to FY 2007-08 WIA Program, Fiscal and Administrative Review of Asian
American Drug Abuse Program, Inc.-Final Draft

Dear Mr. McCauley:

This is AADAP's response to the findings of the Department of Auditor-Controller
Countrywide Monitoring Division. The program, fiscal and administrative review was
conducted on December 11-14, 2007 for AADAP, Inc.'s Workforce Investment Act
Program contracts with Community and Senior Services.

Our response to the findings and recommendations are individually articulated in the
attached as "Corrective Action Plan." The result of our response is that we agree to pay a
total of \$1,011 only.

If you have any questions regarding this letter, please call me at (323) 293-6284 or send
email at miwat@aadapinc.org.

Sincerely,

Mike Watanabe, MSW
President & CEO

cc: Contract file
Yoon Bae, Principal Accountant-Auditor
Daisy Asis-Nakanishi, Program Director
Romina Peralta, Senior Accountant
Dean Nakanishi, Administrative Director

Therapeutic Community
5818 S. Crenshaw Blvd.
Los Angeles, CA 90043
(323) 293-6291
Fax (323) 293-1091

Outpatient Unit
520 N. La Brea Avenue
Inglewood, CA 90302
(323) 294-4932
Fax (323) 294-2633

Employment Access
Outpatient Counseling
1088 S. La Brea Avenue
Los Angeles, CA 90019
(323) 295-0262
Fax (323) 295-2378

Indochinese Youth & Community Center
14112 S. Kingsley Drive
Gardena, CA 90247
(310) 768-8064
Fax (310) 768-2779

Youth Outpatient Treatment
13931 S. Van Ness Ave. #202
Gardena, CA 90249
(310) 768-8018
Fax (310) 768-4170

Olympic Academy
(323) 933-9022
Fax (323) 933-4029

Asian American Drug Abuse Program, Inc. (AADAP, Inc.)
Response to WIA Program, Fiscal and Administrative Monitoring Review
Fiscal Year 2007-2008
Corrective Action Plan

ELIGIBILITY

Results:

All eight Adult Special Needs program participants met the eligibility requirements for the WIA program. However, AADAP did not maintain appropriate documentation to support the program eligibility for four (67%) of the six youth sampled. Specifically, AADAP did not maintain proof of income or appropriate documentation to support the participants' eligibility as required by the WIA guidelines. AADAP billed CSS \$1,969 in direct costs associated with providing services to the ineligible individuals. The Agency also may have billed CSS for other direct and indirect services for the ineligible individuals, such as staff time. However, we were unable to determine that amount.

Subsequent to our review, AADAP provided additional documentation to support the eligibility for three of the four ineligible individuals.

Recommendations:

AADAP management:

1. Repay CSS \$366 and any other costs incurred on behalf of the ineligible participant.
2. Ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.

Corrective Action Plan

1. AADAP management disagrees to repay CSS \$366. AADAP asserts that the calculation for the participant in question () is correct and she meets the *income requirement based on a year-to-date method* of calculation. Participant is a single parent and a family of 2 individuals with an income of \$18,215 which is within the 70% Lower Living Standard Income Level (LLSIL).
2. AADAP management will ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.

BILLED SERVICES/CLIENT VERIFICATION

Results:

Youth Program

The participant/guardian interviewed stated that the services the participant received met their expectations. However, AADAP did not always comply with WIA guidelines. Specifically, AADAP did not:

- Report the participants' program activities, such as completion of leadership training, on the Job Training Automation (JTA) system for five (83%) of six youths sampled. The JTA system is used by the State of California Employment Development Department (EDD) and the Department of Labor to track WIA participant activities. Subsequent to our review, AADAP updated the JTA system to accurately reflect the program activities for all five participants.
- Maintain appropriate documentation in the participants' case files to support the program activities reported for the five (83%) of the six youth sampled on the JTA system. Specifically, AADAP did not maintain documentation such as signed receipts to support the supportive services reported as completed on the JTA system. Subsequent to our review, AADAP provided additional documentation to support the program activities for all five participants.
- Maintain valid work permits in the participants' case files for three (50%) of the six youths sampled. Subsequent to our review, AADAP provided copies of work permits for all three participants.

Adult Special Needs

The five participants interviewed stated that the services the participant received met their expectations. However, AADAP did not always comply with WIA guidelines. Specifically, AADAP did not:

- Register seven (88%) of the eight participants sampled on the EDD's CalJOBS system. WIA guidelines require contractors to register the participants receiving services at the Los Angeles County WorkSource Centers on the EDD's CalJOBS system. CalJOBS is California's internet system for linking employers with individuals seeking employment. Subsequent to our review, AADAP provided proof of enrollment in CalJOBS for six of the seven participants.
- Maintain documentation in the participants' case files to support the program activities reported for three (38%) of the eight participants sampled on the JTA system. Specifically, AADAP did not maintain documentation such as signed receipts to support the supportive services reported on the JTA system. Subsequent to our

review, AADAP provided additional documentation to support the program activities for all three participants.

Recommendations:

AADAP management:

3. Ensure that staff accurately update the Job Training Automation system to reflect the participants' program activities.
4. Ensure that staff maintain appropriate documentation in the participants' case files to support the program activities reported as completed on the Job Training Automation (JTA) system.
5. Ensure that staff maintain valid work permits in the participants' case files.
6. Register all participants on the Employment Development Department's CalJOBS system as required.

Corrective Action Plan

3. AADAP management will ensure that staff accurately update the Job Training Automation system to reflect the participants' program activities.
4. AADAP management will ensure that staff maintain appropriate documentation in the participants' case files to support the program activities reported as completed on the Job Training Automation (JTA) system.
5. AADAP management will ensure that staff maintain valid work permits in the participants' case files.
6. AADAP management will ensure that all participants are registered in the Employment Development Department's CalJOBS system as required.

PERFORMANCE OUTCOME REVIEW

Results:

Youth Program

AADAP met all planned performance measures outlined in the County contract for the WIA Youth Program for FY 2006-07. However, AADAP did not maintain appropriate documentation to support the program eligibility for three (38%) of the eight participants sampled resulting in the number of actual enrollments decreasing from 15 to 12 participants. According to the County contract, AADAP's planned enrollments were 14 participants.

AADAP also billed CSS \$1,364 in direct costs associated with providing services to the ineligible individuals. The Agency may have also billed CSS for other direct and indirect services for the ineligible individuals, such as staff time. However, we were not able to determine the amount.

Subsequent to our review, AADAP provided additional documentation to support the eligibility for all three participants.

Adult Special Needs Program

AADAP met all four planned performance measures outlined in the County contract for the WIA Adult Special Needs Program for FY 2006-07.

Recommendation:

Refer to Recommendation 2.

Corrective Action Plan

2. AADAP management will ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.

CASH/REVENUE

Results:

AADAP maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation:

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Results:

AADAP's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation:

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Results:

AADAP maintained sufficient internal controls over its business operations. However, AADAP did not maintain an appropriate procedural manual for administering the WIA programs. AADAP's procedural manual consisted of various WIA directives. However, AADAP's procedural manual did not identify specific procedures for administering the WIA Youth and Adult Special Needs Program, such as how staff should screen and document the participants' eligibility, how often the staff should discuss the goals with the participants, etc.

Recommendation:

7. AADAP management develop and distribute a revised WIA procedural manual and ensure that staff comply with the program requirements.

Corrective Action Plan

7. AADAP management will revise the WIA Youth and Adult Programs Operations Manual to include updated requirements, policies and procedures and will ensure that staff comply with the program requirements.

FIXED ASSETS AND EQUIPMENT

Results:

AADAP disposed of four (25%) of the 16 items sampled without prior written approval from CSS as required by the County contract. In addition, AADAP did not properly tag the 16 items sampled with County property tags as required by the County contract. Similar findings were also noted during the prior two years' monitoring reviews.

Subsequent to our review, AADAP tagged all the WIA funded items with County property tags as required.

Recommendations:

AADAP management:

8. Obtain prior written approval from CSS for the disposal of property.
9. Ensure that all new equipment purchased with WIA funds are properly tagged with County property tags.

Corrective Action Plan

8. AADAP management will obtain prior written approval from CSS for the disposal of property.
9. For the last two years, AADAP management has written two letters to CSS requesting for County property tags but CSS did not give any response to AADAP's request. As a result, the Auditor–Controller monitoring team wrote this as a finding for two years. AADAP management recommends that this should not be a finding to AADAP and be deleted from this report. In the future, AADAP management will ensure that all new equipment purchased with WIA funds are properly tagged with County property tags as they become available.

PAYROLL AND PERSONNEL

Results:

AADAP appropriately charged payroll expenditures to the WIA programs. However, AADAP did not conduct an annual performance evaluation for one (33%) of the three employees assigned to the WIA program. The last performance evaluation was dated in July 2005.

Recommendation:

10. AADAP management ensure that annual performance evaluations are performed.

Corrective Action Plan

10. AADAP management will ensure that annual performance evaluations are performed.

COST ALLOCATION PLAN

Results:

AADAP's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation:

There are no recommendations for this section.

CLOSE-OUT REVIEW

Results:

AADAP's final close-out invoices reconciled to the Agency's financial records. However, AADAP overbilled CSS \$2,916 in unallowable and unsupported expenditures. Specifically, AADAP's billings exceeded their WIA Youth Program budget by \$775 and the WIA Adult Special Needs Program budget by \$2,141. The County contract required contractors to request for reimbursement for actual expenditures incurred during the program year, not to exceed budgeted amounts.

Recommendations:

AADAP management:

11. Repay CSS \$2,916.
12. Ensure that amounts billed to CSS do not exceed the maximum limits indicated in the County contract.

Corrective Action Plan

11. AADAP management disagrees that CSS was overbilled for \$2,916. AADAP calculated that CSS was overbilled only for \$1,011, attached is our calculation for your reference. The actual expenditures incurred during the program year exceeded budgeted amounts by \$608 in WIA Youth Program and \$403 in WIA Adult Special Needs Program. AADAP management will repay CSS \$1,011.

12. AADAP management will ensure that amounts billed to CSS will not exceed the maximum limits indicated in the County contract.

PRIOR YEAR FOLLOW-UP

Results:

The prior year's monitoring report contained seven recommendations. AADAP implemented four recommendations. As previously indicated, the finding related to Recommendations 12 contained in this report was also noted during the prior year's monitoring review. The remaining two recommendations required the Agency to repay CSS \$2,430 or obtain approval for items purchased after the deadline and implement the outstanding recommendations from the prior monitoring report. AADAP management indicated that they are currently in the process of working with CSS to obtain approval for the purchases and will implement the outstanding recommendations by June 30, 2008.

Recommendations:

AADAP management:

13. Immediately repay CSS \$2,430.
14. Implement the outstanding recommendations.

Corrective Action Plan

13. AADAP management is currently in the process of working with CSS in obtaining approval for the prior year purchases amounting to \$2,430.
14. AADAP management will implement the outstanding recommendations by June 30, 2008.

AADAP, INC.
FY 2006-07 Close-out

Youth					
Agency Account	Agency Description	Actual Amount	Budgeted Amt	Difference	Budget Description
5020, 5035	Misc.	\$10,384.99	\$8,984.00	(1,400.99)	Staff Fringe Benefits Already disallowed
5040, 5045				697.00	by CSS
5050, 5055					
5060, 5070					
5075					
6510	Program Supplies	\$3,309.94	\$2,972.00		Consumable Supplies
			\$267.00		Office Equipment
		\$3,309.94	\$3,239.00	(70.94)	
6615	Work Experience Wages	\$5,402.25	\$4,500.00		Participant Wages
			\$436.00		Participant Fringe
		\$5,402.25	\$4,936.00	(466.25)	
					Already disallowed
				633.00	by CSS
Sub-Totals:				(608.18)	Over-billed Amount

Special Needs					
Agency Account	Agency Description	Actual Amount	Budgeted Amt	Difference	Budget Description
5010	Salaries & Wages	\$43,727.64	\$44,242.00		Already disallowed
				1,153.00	by CSS
5020, 5035	Misc.				
5040, 5045	7/1/07 to 9/30/07	\$727.68			
5050, 5055	7/1/06 to 6/30/07	\$15,674.20			
5060, 5070		\$16,401.88	\$13,802.00	(2,599.88)	Staff Fringe Benefits
					Already disallowed
5075				1,044.00	by CSS
6530	Program Events	\$939.25	\$354.00		
6540	Food	\$14.54	\$600.00		
		\$953.79	\$954.00		
Sub-Totals:				(402.88)	Over-billed Amount
Totals:				(1,011.06)	Over-billed Amount